

DEPARTMENT OF AGING

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April 30, 2010

Anwar Zoueihid, Administrator of Direct Services
Multipurpose Senior Services Program #43
Partners in Care Foundation - South
732 Mott Street, Suite 150
San Fernando, California 91340

Dear Mr. Zoueihid:

**FINAL NOTICE OF AUDIT DETERMINATION
MULTIPURPOSE SENIOR SERVICES PROGRAM #43
FOR THE PERIODS JULY 1, 2003, THROUGH JUNE 30, 2007**

Enclosed is the California Department of Aging's (CDA) Final Notice of Audit Determination (NAD) for Partners in Care Foundation - South, Multipurpose Senior Services Program (MSSP), for the above periods.

The Final NAD report contains CDA Audit Branch's conclusions regarding the Agency's financial closeout reports (reported program expenditures), accounting records, internal controls, and compliance with grant requirements over the MSSP. During our review, we identified \$511,967 in outstanding Electronic Data Systems advances (EDS) and \$30,316 in related interest income due. Please see Schedule A for a detailed presentation.

If you disagree with the findings presented in this report, you may file an appeal by submitting a statement of disputed issues to the Department of Health Care Services (DHCS), Office of Administrative Hearings and Appeals, 1029 J Street, Suite 200, Sacramento, California, 95814, within 60 calendar days of receipt of this notice. Appeals are to be made in accordance with title 22, California Code of Regulations, §51016 through 51047. We have enclosed a copy of the regulations governing provider appeals for your information.

Unless an appeal is filed, DHCS will be in contact with the MSSP to recover the funds, either by an offset of future MSSP funding or a return of the funds by the Agency. If you have any questions regarding the Final NAD, please contact Fili T. Gonzalez at (916) 928-6831 or fgonzalez@aging.ca.gov.

Sincerely,

Beverly D. Englund
Audit Branch Manager

Enclosures

cc: Lynn Daucher, Director CDA
Paula Butler, Section Chief, MSSP Branch, CDA (via e-mail)

**CALIFORNIA DEPARTMENT OF AGING
NOTICE OF AUDIT DETERMINATION**

ORGANIZATION: PARTNERS IN CARE FOUNDATION - SOUTH
MULTIPURPOSE SENIOR SERVICES PROGRAM

FOR THE PERIOD: JULY 1, 2003 THROUGH JUNE 30, 2007

CONTRACT/GRANT NOS.:	MS-0304-43	SITE: 43
	MS-0405-43	PROGRAM: MSSP
	MS-0506-43	
	MS-0607-43	

The California Department of Aging (CDA) Audit Branch has completed its review of the Partners in Care Foundation – South, Multipurpose Senior Services Program (MSSP), for the periods noted above. The purpose of our review was to determine if the MSSP:

- Developed annual “Final Accounting Reconciliation (FAR)” financial closeout statements which fairly present the financial operations of the program;
- Maintained adequate internal and administrative controls and procedures to ensure that administrative and care management expenses reported to the Medi-Cal program were accurate and allowable;
- Maintained adequate controls for the procurement and utilization of waived services to ensure that waived services claimed to the Medi-Cal program were accurate and allowable; and
- Maintained adequate controls and procedures to ensure compliance with applicable laws, regulations and contract requirements.

REPORT ON FINANCIAL CLOSEOUTS

We reviewed the MSSP’s single audit reports issued by Licker+Ozurovich, CPA, and compared them to MSSP’s FARs submitted to CDA. We also compared the FARs to the MSSP’s accounting records. The focus of our review was on FY 2005/06 and FY 2006/07. Since CDA found no material errors in these periods, we conducted no further testing on the prior two fiscal years.

Based on our review, we determined the MSSP’s financial closeout statements did not report the outstanding Electronic Data Systems (EDS) advances of \$267,782 for FY 2004/05 and \$244,185 for FY 2005/06. In addition, the interest income related to these outstanding advances was not reported or remitted. The total amount of the related interest income required to be remitted to Department of Health Care Services (DHCS) is \$30,316. We calculated interest through December 2009. Please refer to Schedule A for the details of the EDS advances and interest calculation. In addition, the revised closeouts are attached. We determined, after the adjustments shown on Schedule A, that the MSSP’s financial closeout statements fairly present the financial operations of the program.

**CALIFORNIA DEPARTMENT OF AGING
NOTICE OF AUDIT DETERMINATION**

ORGANIZATION: PARTNERS IN CARE FOUNDATION - SOUTH
MULTIPURPOSE SENIOR SERVICES PROGRAM

FOR THE PERIOD: JULY 1, 2003 THROUGH JUNE 30, 2007

REPORT ON INTERNAL CONTROL

The CPA's reports, for the above fiscal periods, did not include any reportable conditions or material internal control weaknesses related to the MSSP.

We conducted additional tests to determine the amounts reimbursed for administrative and care management expenditures did not exceed actual allowable costs. In addition, we conducted additional tests to determine if the MSSP has procedures in place to ensure that waived services are authorized, not available as a referred service, received by the clients, and accurately billed to Medi-Cal. Based on the single audit reports and the results of our review, we concluded the MSSP's internal and administrative control structure is adequate to ensure the claims to the Medi-Cal Program are accurate and allowable costs.

REPORT ON COMPLIANCE WITH GRANT REQUIREMENTS

The CPA's reports, for the above fiscal periods, did not report any instances of non-compliance with laws, regulations, and contract requirements related to the MSSP.

We conducted additional tests to determine if the MSSP has procedures in place to ensure that waived services are authorized, not available as a referred service, received by the clients, and accurately billed to Medi-Cal. Based on the single audit reports and our evaluation and testing, CDA conclude that the MSSP's procedures for the procurement and utilization of waived services are adequate.

This Final NAD represents our resolution of Partners in Care Foundation - South's contracts for the periods of July 1, 2003, through June 30, 2007. The results of CDA's review, the tests performed, and the procedures to resolve findings were discussed at an exit conference at your site on February 11, 2010.

Fili T. Gonzalez
General Auditor III

**Partners in Care Foundation - South
Multipurpose Senior Services Program #43
FYs 2003/04 through 2006/07**

Schedule A

	Amount Questioned
FY 2004/05 (Schedule A-1)	
Outstanding EDS Advances	267,782
Interest Earned on Federal Funds Advanced	0
Total Amount Due	<u>267,782</u>
FY 2005/06 (Schedule A-2)	
Outstanding EDS Advances	244,185
Interest Earned on Federal Funds Advanced	4,807
Total Amount Due	<u>248,992</u>
FY 2006/07 through December 2009 (Schedule A-3)	
Outstanding EDS Advances	0
Interest Earned on Federal Funds Advanced	25,509
Total Amount Due	<u>25,509</u>
GRAND TOTAL	<u>542,283</u>

**MSSP FY 2004-2005
AUDITED FINAL ACCOUNTING RECONCILIATION**

Schedule A-1

Site Name : Partners In Care Foundation - South

Site # : 43

	Admin	Case Management (CM)	Waived Services (WS)	Total (Adm+CM+WS+SU)
1) Final Approved Budget	858,570	615,792	631,869	2,106,231
2) Actual Expenditures	562,453	627,114	423,610	1,613,177
2a) Actual Amount Paid (<i>breakout not available</i>)	-	-	-	1,579,325
3) Lower of Costs, Charges, or Amount Paid	562,453	615,792	423,610	1,579,325

Less Excluded Items:

4) Expenses Disallowed, per CDA Utilization Review (UR)			0
5) Submitted Claims not paid (outstanding balance) (* 2)	Cut-off Date: _____		0
6) Claims Denied by EDS for this Fiscal Year (3*)	Cut-off Date: _____		0
7) Interest Earned on MSSP Grant Funds			0
8) Subtotal of Excluded Items (add line 4 through line 7)			0

9) Allowable MSSP Expenditures, after Excluded Items (line 2 minus line 8) **1,579,325**

10) Claims Accepted for Payment by EDS	1,579,325
10a) EDS Advances Outstanding	267,782
11) Start-up Grant Funds Received from CDA	0
12) Total Revenue Received (add line 10 - line 11)	1,847,107

Subtract line 9 from line 12

If the difference is positive, enter the amount on line 13

If the difference is negative, enter the amount on line 14

13) Revenue Received in Excess of Allowable MSSP Expenditures **267,782**

14) Excess Expenditures Paid by MSSP Site, non-reimbursable

(1*) Expenditures are limited to Final Approved Budget

(2*) & (3*) Please indicate the cut-off dates (dates at the time these amounts were calculated) and submit separate listings for each "Submitted Claims not paid" and "Claims denied by EDS" at these cut-off dates. These listings of claims denied or unpaid will be used during audit to verify any revenue received after this date.

Prepared By	Date	Approved By
Fili T. Gonzalez, General Auditor III	3/15/2010	

PARTNERS IN CARE FOUNDATION - SOUTH
MSSP 43
INTEREST ON OUTSTANDING ADVANCES

Schedule A-4

YEAR	BEGINNING BALANCE	INTEREST	TOTAL ADVANCES	FEDERAL PORTION 50% (2)	TOTAL	Agency Provided	
						YEAR	AVERAGE INTEREST
2004/05	\$0	\$0	\$267,782	\$133,891	\$133,891	2004/05	1.74%
2005/06	\$133,891	\$4,807	\$244,185	\$122,093	\$255,984	2005/06	3.59%
2006/07	\$255,984	(1) \$11,622	\$0		\$255,984	2006/07	4.54%
2007/08	\$255,984	(1) \$8,575	\$0		\$255,984	2007/08	3.35%
2008/09	\$255,984	(1) \$3,865	\$0		\$255,984	2008/09	1.51%
thru 12/09	\$255,984	(1) \$1,447	\$0		\$255,984	2009/10	1.13%
Amount Due		\$30,316	\$511,967	\$255,984	\$542,283		

(1) Total interest for FY's 2006/07 through December 2009 of \$25,509 has been included on the Schedule A-3, Line 7.

(2) MSSP funds are comprised of 50% Federal and 50% State. Interest is due on only the Federal portion.